

## **Public Health Option**

### **Documents in Support of Public Health Option within Healthcare Legislation Currently before the United States Congress:**

*Jacob Hacker*, Berkeley Law Center on Health, Economic and Family Security, [The Case for Public Plan Choice in National Health Reform](#) (Institute for America's Future)

*Len Nichols* and *John Bertko*, New America Foundation, [A Modest Proposal for a competing Public Health Plan](#), (New America Foundation)

### **Documents Against a Public Health Option within Healthcare Legislation Currently before the United States Congress:**

*N. Gregory Mankiw*, AEI Adjunct Scholar, ["The Pitfalls of a Public Option"](#) (NYT)

*Michael Tanner*, Director of Health and Welfare Studies at the Cato Institute, ["Plan Undercuts Competition"](#) (Originally in USA Today)

*Stuart Butler*, Vice President for Domestic Policy Issues for the Heritage Foundation, ["The Perils of a Public Health Plan"](#) (Washington Times)

### **Congressional Budget Office Materials**

[Scoring of H.R. 3200, America's Affordable Health Choices Act of 2009](#) – Prominent Legislation containing a public option.

[Testimony before the Senate Budget Committee](#), from CBO Director, Doug Elmendorf, on financial outlooks of various health care reform packages currently before the US Congress.

### **Health Care Legislation Overview**

Janet Adamy, Wall Street Journal, ["Ten Questions on the Health Care Overhaul"](#) (WSJ)

## Support

**Jacob Hacker:** Hacker makes the case that existing public insurance, notably Medicare, have superior track records at reining in cost without sacrificing quality or access to services. Hacker notes that public plans administrative costs are markedly cheaper than comparable private plans. Most importantly, Hacker believes: “public plan choice is essential to set a standard against which private plans must compete.” He believes a hybrid insurance system, a system that includes public *and* private options, optimally fuses the benefits of both.

**Bio of Hacker:** He is a political scientist at UC Berkeley and Yale. He is widely regarded as a academic health care expert. He helped Obama, Clinton, and Edwards, draft their campaign health care plans.

**Len Nichols and John Bertko:** The authors contend that the public plan option is not as nefarious as some public discourse suggests. They propose a public plan which truly competes on a level playing field with private insurers. Meaning the plan will not receive preferential treatment with respect to regulation or financial subsidies. They are against extending Medicare to those under 65, because they believe it would give the public option an unfair advantage stemming from its tremendous size. They offer examples of state run public plans, including in California, as examples of how a public-private hybrid insurance system might work.

**Bios of Nichols and Bertko:** **Nichols** is a healthcare economist; he directs the Health Policy Program at the New America Foundation. Previously he taught at Wellesley College. **Bertko** is a healthcare researcher at the RAND Corporation.

## Against

**N. Gregory Mankiw:** Mankiw’s central argument is that government is not needed to bring down costs in healthcare. He states: “We don’t need government-run grocery stores or government-run gas stations to ensure that Americans can buy food and fuel at reasonable prices.” Mankiw also states that a non-profit organization could be created just like the proposed government public option without legislation or government funding. Finally, he argues the public plan will invariably behave in a monopolistic like fashion, forcing costs down, which although ostensibly positive, it would unfairly hurt those in the healthcare sector.

**Bio Of Mankiw:** He was George Bush’s Chairman of the Council on Economic Advisers and a macroeconomics professor at Harvard. He is currently a fellow at the American Enterprise Institute.

**Michael D. Tanner:** Tanner argues the public plan will invariably receive taxpayer subsidies making it an unfair player in the insurance industry. Moreover, he expects the government run plan to offer health care providers lower reimbursement rates than private insurers. He argues providers will in turn pass the costs onto private insures, thereby driving premiums up. Eventually Tanner believes the system will devolve into a single-payer government run system.

**Bio of Tanner:** He is a senior fellow at the Cato Institute and coauthor of *Healthy Competition: What’s Holding Back Health Care and How to Free It*.

**Stuart Butler:** Suggests that Congress and the President will design rules more favorable to the public plan. He believes there: "must be a wall of separation between those who set the rules - the U.S. Office of Personnel Management - and those who offer plans." Instead he believes the Federal Government should set up a national "menu" of private plans to offer uninsured individuals, similar to the plan/options schematic federal employees receive, the Federal Employee Health Benefits (FEHB) program.

**Stuart Butler** is vice president for domestic policy issues for the Heritage Foundation

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### Non-Partisan

**CBO Scoring of HR. 3200.** Many considered this report to be devastating to Obama backed legislative priorities. The White House contends that the legislation the President signs will not increase the deficit. The CBO said: "According to CBO's and JCT's assessment, enacting H.R. 3200 would result in a net increase in the federal budget deficit of \$239 billion over the 2010-2019 period. That estimate reflects a projected 10-year cost of the bill's insurance coverage provisions of \$1,042 billion, partly offset by net spending changes that CBO estimates would save \$219 billion over the same period, and by revenue provisions that JCT estimates would increase federal revenues by about \$583 billion over those 10 years."

**[Testimony before the Senate Budget Committee](#), from CBO Director, Doug Elmendorf,** Elmendorf: "No, Mr. Chairman. In the legislation that has been reported we do not see the sort of fundamental changes that would be necessary to reduce the trajectory of federal health spending by a significant amount. And on the contrary, the legislation significantly expands the federal responsibility for health care costs."

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### Summary

**Janet Adamy**, Wall Street Journal, "[Ten Questions on the Health Care Overhaul](#)" (WSJ): Good summary of the political and public policy questions surrounding the healthcare debate.